

IMPACT OF BUSINESS ETHICS AND CORPORATE GOVERNANCE ON VARIOUS ASPECTS OF PUBLIC PROCUREMENT WITHIN URBAN LOCAL AUTHORITIES IN ZIMBABWE

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ABSTRACT

This study is an assessment of the impact of business ethics and corporate governance on various aspects of public procurement within urban local authorities. Guided by the agency theory, the research aimed to establish how adherence to ethical guidelines and governance principles influences procurement outcomes. Through a quantitative research design involving the distribution of a questionnaire to procurement managers, the study unravelled both positive and negative effects of business ethics and governance on procurement processes. A sample size of 323 participants out of a target population of 2000 using Raosoft sampling technique were randomly selected from 5 urban local authorities in Harare Metropolitan Province. The study found a negative relationship between business ethics, and transparency and accountability in procurement, suggesting that as adherence to business ethics decreases, transparency and accountability tend to decrease. The study also found that strong corporate governance practices may lead to increased efficiency in procurement processes. In conclusion, the study emphasized the importance of a balanced approach that takes into account contextual factors when implementing ethical standards and governance principles in public procurement.

Key words; corporate governance, business ethics, procurement performance, strategic management, supply chain management, operations management

INTRODUCTION

The principles of business ethics and corporate governance are essential for fostering transparency, integrity, and accountability within public procurement processes (Kipkemoi, 2024). A number of nations have established robust ethical frameworks and corporate governance

practices within their public procurement systems, leading to favorable experiences and results. Sweden is notable for its effective application of business ethics and corporate governance within the realm of public procurement (Anderson, 2024). The framework of the Swedish public procurement system is anchored in the principles of fairness, competition, transparency, and equal treatment.

The principles are codified in their legislation and are rigorously upheld by regulatory authorities. Consequently, Sweden is recognized for possessing one of the most efficient and pristine public procurement systems in the world. Investigations conducted by experts such as Svensson et al. (2024) indicate that the Swedish system fosters competition, enhances efficiency, and ensures value for money, all while reducing the risks of corruption. According to Frankston et al (2024) Denmark consistently achieves top positions on corruption perception indexes and is recognized for its transparent and accountable public procurement system. The Danish system prioritizes transparent competition, equitable assessment, and comprehensive documentation of procurement procedures.

Holm et al. (2024) emphasized the successful integration of ethical guidelines and corporate governance principles within the Danish procurement system, which promotes integrity, fairness, and trust in the public procurement process. Conversely, Uganda and Zambia serve as notable instances where the public procurement systems have been adversely affected by corruption and unethical practices (Lusekelo, 2023). Uganda has encountered various obstacles in its public procurement systems, such as bid-rigging, nepotism, and favoritism (Kibanda, 2024). Nakakawa and Luwaga (2024) contend that insufficient corporate governance practices, a deficit in transparency, and inadequate ethical controls have played a significant role in the pervasive corruption within Uganda's public procurement system. In a similar vein, Zambia has encountered considerable difficulties in its public procurement procedures, marked by accusations of corruption and mismanagement. Chikumbi (2024) emphasizes the absence of clear ethical guidelines, inadequate corporate governance frameworks, and insufficient accountability mechanisms as significant factors contributing to the challenges in Zambia's public procurement.

The influence of business ethics and corporate governance in the public procurement practices of urban local authorities is essential for maintaining transparency, fairness, and accountability in

these processes. The Urban Councils Act (Chapter 29:15) and the Rural District Councils Act (Chapter 29:13) in Zimbabwe both establish structured approaches to the governance of urban and rural local authorities, respectively. The key tenets of the Urban Councils Act include the establishment of the Council to oversee governance and administration, the code of conduct for councilors emphasizing integrity, honesty, transparency, and accountability, and the mandate for transparency and accountability in public procurement processes (Section 212). Similarly, the Rural District Councils Act outlines the establishment of the Council to oversee governance and administration, the code of conduct for councilors emphasizing ethical behavior, honesty, and integrity, and the requirement for transparency and accountability in public procurement processes (Section 207). These Acts reflect Zimbabwe's position on corporate governance principles by emphasizing integrity, honesty, transparency, accountability, and ethical behavior in the governance and administration of local authorities. They promote good governance practices, ensuring that councilors uphold high standards of conduct and act in the best interests of their constituents. These principles align with the broader corporate governance frameworks aimed at promoting accountability, transparency, and ethical behavior within entities operating in Zimbabwe.

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Despite the existing legislative provisions, Zimbabwe encounters difficulties in executing effective corporate governance within local authorities. Masiwa and Masocha (2024) contend that inadequate corporate governance frameworks, insufficient transparency, and restricted accountability measures play a significant role in the difficulties faced in public procurement. Insufficient ethical guidelines and inadequate corporate governance practices elevate the potential for corruption in public procurement processes. Mutatu and Goredema (2024) emphasize the detrimental impact of corrupt practices, including bribery and favoritism, on the integrity and transparency of procurement processes. The lack of adequate oversight and monitoring of public procurement activities by the appropriate regulatory bodies and local authorities plays a significant role in the challenges faced in corporate governance. Masocha (2024) highlight the importance of enhancing oversight mechanisms to guarantee adherence to ethical guidelines and corporate governance principles. Chimuka and Masiwa (2024) highlight a deficiency in the necessary capacity and training regarding corporate governance principles and best practices among councilors and procurement officials. This obstructs the appropriate

application of ethical frameworks and diminishes the efficacy of public procurement processes.

Within the realm of public procurement, the frameworks of business ethics and corporate governance are essential in influencing the dynamics between urban local authorities and suppliers, promoting fairness, competitiveness, and compliance with ethical standards. According to the findings of Hong and Kwon (2024), governance in public procurement is essential for organizations to interact with suppliers and other stakeholders in an ethical and transparent way. Through the encouragement of competition, the pursuit of value for money, and the involvement of stakeholders, these frameworks enhance the overall credibility and reputation of urban local authorities.

Furthermore, the current body of knowledge primarily emphasizes the procurement difficulties encountered by enterprises in Zimbabwe as a whole, while offering scant consideration to the unique circumstances of local authorities. This gap highlights the necessity for a more thorough investigation into the relationship between the national corporate governance framework, business ethics, and the procurement practices of urban local authorities in Zimbabwe. The absence of alignment and possible tensions among the corporate governance framework, business ethics, and the procurement system in local authorities fosters a setting conducive to power struggles and unethical conduct.

This not only undermines the efficiency and effectiveness of the procurement process but also diminishes trust in government and public institutions. Despite legislative efforts like the Public Procurement and Disposal of Public Assets Act (PRAZ), a gap persists in the execution of the procurement process within local authorities. To tackle this issue, it is essential to synchronize the procurement system with the national corporate governance framework and ethical standards, ensuring that procurement decisions are made with transparency, integrity, and in the public's best interest.

RESEARCH QUESTIONS

- How does adherence to business ethics and corporate governance principles impact the transparency and accountability of public procurement processes in urban local authorities?

- What specific mechanisms are employed by urban local authorities to ensure ethical conduct and effective corporate governance in public procurement activities?
- To what extent do ethical guidelines and corporate governance frameworks influence decision-making processes in public procurement within urban local authorities

LITERATURE REVIEW

This section delves into the conceptual framework that elucidates the study variables and the key concepts underpinning the research. It provides a comprehensive overview of the theoretical underpinnings and conceptual framework that form the basis for understanding the study variables.

Theoretical Framework: Agency Theory

Agency Theory, developed primarily by economists such as Jensen and Meckling in the late 1970s, focuses on the relationship between principals (owners or stakeholders) and agents (individuals entrusted to make decisions on behalf of the principal) (Smith, 2020, Kruger 2024 and Williams 2024). The theory aims to address the potential conflicts of interest that may arise when agents prioritize their own interests over those of the principals (Dravis, 2024). The key proponents of Agency Theory emphasize the importance of aligning incentives to ensure that agents act in the best interests of the principal (Strauss, 2024). In the context of urban local authorities and public procurement, Agency Theory provides a relevant framework for understanding the dynamics between the various stakeholders involved. The core tenets of Agency Theory that make it particularly relevant and weighty in this context include:

- **Conflict of Interest:** The theory acknowledges the inherent conflicts of interest that arise when agents have discretion in decision-making, such as procurement officers or contractors in local authorities (Williams, 2024). These conflicts can lead to agency problems where agents act in a manner that benefits themselves rather than the principal.
- **Alignment of Interests:** Agency Theory suggests mechanisms to align the interests of agents with those of the principals through appropriate monitoring, incentives, and controls (Zerga, 2023). By aligning these interests, the theory seeks to reduce the agency costs associated with moral hazard and adverse selection.
- **Governance Mechanisms:** The theory emphasizes the role of governance mechanisms, such as oversight, monitoring, and accountability structures, in mitigating agency

problems. These mechanisms are crucial for ensuring that agents act in a manner that maximizes the value of the principal.

Research studies that have applied Agency Theory in the context of public procurement and governance have highlighted its significance in improving accountability and integrity. For example, studies by Zucker (2024), Dean (2024), and Thornton and Ocasio (2024) have shown how the principles of Agency Theory can be utilized to enhance transparency, reduce fraud, and promote ethical conduct in procurement processes within urban local authorities. The relevance of Agency Theory to this study lies in its capacity to provide a theoretical framework for understanding and addressing the agency problems that may arise in public procurement within urban local authorities (Grujik, 2023). By exploring the dynamics between principals and agents, the theory offers insights into how governance mechanisms can be structured to promote accountability, transparency, and ethical behavior in procurement activities. The application of Agency Theory can assist urban local authorities in fortifying their corporate governance practices and enhancing the integrity of their procurement processes.

The Agency Theory offers a comprehensive perspective on the dynamics of the relationship between principals and agents in the context of public procurement within urban local authorities. The theory highlights the potential conflicts of interest that may arise when agents prioritize their own interests over those of the principal, emphasizing the need for alignment of interests and governance mechanisms to mitigate agency problems (Thompson, 2025). This framework offers valuable insights into understanding the drivers of ethical conduct, transparency, and accountability in procurement processes, as well as the role of governance structures in promoting efficiency and stakeholder engagement.

On the other hand, the theory delves into the specific variables that influence the ethical behavior, governance practices, and outcomes of public procurement within urban local authorities (Wang et al, 2024). By focusing on business ethics, corporate governance frameworks, ethical conduct, compliance, transparency, accountability, efficiency, effectiveness, and stakeholder engagement, the theory provides a nuanced understanding of how these factors shape procurement practices and outcomes. The linkage between Agency Theory and the conceptual framework of business ethics

and corporate governance enriches the study by offering a comprehensive perspective on the interplay between theoretical principles and practical considerations in public procurement.

The Agency Theory sets the foundation for understanding the underlying principles and challenges in the relationship between principals and agents, while the conceptual framework focuses on the specific variables that influence ethical conduct, governance practices, and procurement outcomes (Jerkins, 2024). By integrating these perspectives, the study gains a holistic view of how business ethics and corporate governance inform policy and practice in public procurement within urban local authorities in Zimbabwe. This integrated approach enables the study to explore the complex dynamics of procurement processes, governance structures, and stakeholder engagement in a comprehensive manner, ultimately providing valuable insights for enhancing transparency, accountability, and efficiency in public procurement practices.

Conceptual framework

The conceptual framework in figure 2.1 show that business ethics and corporate governance framework are the independent variables whilst the dependent variables included transparency and accountability in procurement, efficiency and effectiveness in procurement and ethical conduct and compliance in procurement.

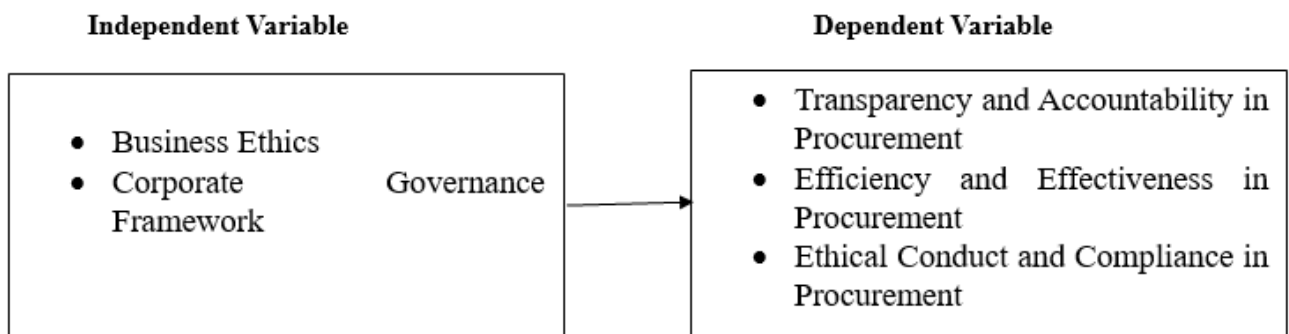


Figure 2.1 Conceptual framework. (Source: Author 2025)

2.3.1.1 Independent Variables

The principles and values that shape the decision-making processes and actions of urban local authorities in public procurement are encompassed by the concept of Business Ethics. Fernando

and Lawrence (2018) investigated the influence of business ethics on the performance of public procurement within local authorities. The investigation revealed that a robust ethical framework within local authorities resulted in enhanced transparency, accountability, and better procurement results. This reinforces the idea that ethical conduct is crucial for successful public procurement.

The Corporate Governance Framework encompasses the set of rules, practices, and processes that regulate the operations and conduct of urban local authorities in the realm of public procurement. Jones and Parker (2024) examined the influence of corporate governance frameworks on improving public procurement processes within urban local authorities. The analysis emphasized the importance of well-defined governance frameworks and processes in enhancing efficiency, minimizing corruption risks, and fostering better stakeholder involvement. This highlights the significance of governance frameworks in influencing procurement practices.

Dependent Variables

Scott (2024) and Ashworth et al. (2024) indicate that ethical conduct and compliance pertain to how urban local authorities follow ethical standards and regulations in their public procurement activities. Brikson and Canings (2024) indicate that transparency and accountability pertain to the level of openness, honesty, and responsibility exhibited by urban local authorities in their procurement processes. Smith and Brown (2024) examined the connection between transparency, accountability, and efficiency in public procurement carried out by urban local authorities. The results showed that entities that emphasize transparency and accountability are more likely to manage resources efficiently, realize cost reductions, and foster trust among stakeholders. This highlights the beneficial results linked to ethical behavior and governance strategies.

Efficiency and Effectiveness, as articulated by Armstrong (2024), pertains to the capacity of urban local authorities to deliver value for money, quality outcomes, and fulfill stakeholder needs via their procurement practices. Thomas and Young (2024) examined how stakeholder engagement influences public procurement results in urban local authorities. The study showed that involving stakeholders throughout the procurement process led to better decision-making, reduced conflicts, and increased stakeholder satisfaction. This highlights the importance of considering stakeholder interests and applying ethical principles in procurement activities.

Study Hypotheses Development

H1: *Adherence to business ethics and corporate governance principles positively impacts the transparency and accountability of public procurement processes in urban local authorities.*

Garcia and Martinez (2024) examined how adherence to business ethics and corporate governance influences the transparency and accountability of public procurement processes within urban local authorities. The results demonstrated a favorable correlation, revealing that entities with robust ethical principles and governance frameworks exhibited greater transparency and accountability in their procurement processes. Chehaibi et al. (2024) investigated the connection between compliance with business ethics and the principles of corporate governance and accountability in public procurement processes among urban local authorities. The findings revealed a favorable correlation, suggesting that entities exhibiting robust ethical standards and efficient governance frameworks demonstrated greater accountability in their procurement choices and activities. Banik and Khan (2021) examined how corporate governance practices influence the transparency and accountability of public procurement within urban local authorities. The findings indicated that entities following ethical principles and possessing strong governance frameworks exhibited greater transparency and accountability in their procurement processes, thereby promoting fairness and mitigating corruption.

H2: *Urban local authorities employ specific mechanisms to ensure ethical conduct and effective corporate governance in public procurement activities.*

Johnson and Smith (2018) examined the particular mechanisms utilized by urban local authorities to uphold ethical standards and achieve effective corporate governance in public procurement. The investigation revealed essential mechanisms, including the implementation of codes of conduct, the establishment of oversight committees, the execution of regular audits, and the provision of training on ethics and governance practices. The identified mechanisms contribute to improved transparency, accountability, and enhanced procurement performance. Wilson et al. (2024) explored the strategies utilized by urban local authorities to uphold ethical standards and promote effective corporate governance in public procurement. The study revealed essential mechanisms including the promotion of an ethical behavior culture, the establishment of clear ethical standards and policies, the implementation of effective monitoring and enforcement strategies, and the encouragement of collaboration between procurement officials and external stakeholders. The

identified mechanisms contribute to the improvement of ethical conduct, transparency, and accountability within public procurement processes.

***H3:** Ethical guidelines and corporate governance frameworks significantly influence decision-making processes in public procurement within urban local authorities.*

Brown and Wilson (2024) examined how ethical guidelines and corporate governance frameworks impacted decision-making processes in public procurement among urban local authorities. The research revealed that authorities that integrated ethical considerations and governance principles into their decision-making processes made more informed, ethical, and efficient procurement decisions. This underscores the significance of integrating ethical and governance frameworks into procurement practices. Lee and Johnson (2024) investigated the beneficial connection between commitment to business ethics, principles of corporate governance, and the transparency and accountability of public procurement processes within urban local authorities. The findings indicated that entities emphasizing ethical conduct and governance frameworks exhibited greater transparency, accountability, and trustworthiness in their procurement processes. This reinforces the idea that ethical behavior and sound governance play a crucial role in enhancing transparency and accountability in procurement processes.

RESEARCH METHODOLOGY

The quantitative research design employed in the study on the effect of business ethics and corporate governance on procurement processes in urban local authorities in Zimbabwe allowed for a systematic analysis of the relationship between ethical conduct, governance frameworks, and procurement outcomes (Chiniko, 2023). By distributing standardized questionnaires to procurement managers, the study aimed to gather quantitative data on the perceptions and experiences of key stakeholders involved in public procurement within the selected urban local authorities (Kachilala, 2023). This approach provided a structured method to measure the positive and negative effects of business ethics and governance on procurement practices, offering valuable insights for policy development and practice improvement in the public sector.

The rationale for using a quantitative research design lies in its ability to quantify and statistically analyze complex relationships between variables, such as the impact of business ethics and governance on procurement processes. By collecting numerical data from a sample of 323

participants selected using the Raosoft sampling technique, out of a target population of 2000 from Harare Metropolitan Province local authorities the study ensured a representative and adequate representation of the target population of procurement managers in the five urban local authorities. The use of standardized questionnaires allowed for the measurement of attitudes, perceptions, and behaviors related to ethical conduct and governance in procurement, providing a quantitative basis for analysis and comparison (Kachilala, 2022).

The participants in the study, comprising procurement managers with firsthand experience and knowledge of procurement processes in urban local authorities, brought valuable insights and perspectives to the research. Their expertise and understanding of the complexities and challenges inherent in public procurement processes enriched the data collected through the questionnaires, enhancing the depth and relevance of the findings (Chiniko, 2022). By involving key stakeholders directly involved in procurement activities, the study ensured that the insights obtained were informed by practical experience and real-world dynamics, increasing the credibility and applicability of the research outcomes.

The study utilized the Raosoft sampling calculator to determine the sample size needed for the research, ensuring statistical validity and reliability in the findings. The random sampling technique employed in selecting participants from the target population helped minimize selection bias and enhance the generalizability of the results to the broader population of procurement managers in urban local authorities (Chiniko, 2023). By following rigorous sampling procedures and statistical calculations, the study upheld methodological rigor and ensured that the research outcomes accurately reflected the perceptions and experiences of the participants. In terms of ethics, the study adhered to ethical guidelines and principles throughout the research process. Informed consent was obtained from all participants, confidentiality and anonymity were maintained in data collection and analysis, and ethical considerations were paramount in handling sensitive information related to procurement practices (Chiniko, 2023). By upholding ethical standards, the study demonstrated a commitment to fairness, transparency, and accountability.

Table 4.1: Research instruments and Research Objectives

Objectives	Instruments
1. To explore the influence of commitment to business ethics and corporate governance on transparency and accountability in public procurement	A survey questionnaire was employed to collect quantitative data regarding stakeholders' views on ethical practices and governance frameworks.
2. To investigate the mechanisms utilized by urban local authorities for ethical conduct and effective corporate governance	Specific questions were incorporated into the questionnaire to gather information on the strategies and policies enacted in public procurement activities.
3. To evaluate the impact of ethical guidelines and governance frameworks on decision-making processes in public procurement	Items were included in the survey to gauge stakeholders' perceptions of how these guidelines influence decision-making.

(Source: Primary data 2025)

The primary data collection tool used in this research study was a structured questionnaire comprising closed-ended questions. To ascertain the reliability of the questionnaire, the researchers applied Cronbach's Alpha, a statistical measure commonly employed to assess the internal consistency of the items within a scale. As acknowledged by Hair et al. (2024), Cronbach's Alpha values above 0.7 are indicative of acceptable reliability. In order to strengthen the questionnaire's validity, a pilot test was conducted to identify and rectify any potential ambiguities or biases present in the survey instrument. Following the feedback and insights garnered from the pilot study, necessary revisions were made to ensure that the questions were clear and aligning effectively with the study's objectives.

RESULTS AND DISCUSSION

In this section, the findings were presented and discussed, guided by the research objectives, and were explored in relation to past literature. The results obtained from the data analysis were interpreted in light of previous research and theoretical frameworks, providing a comprehensive understanding of the research problem at hand.

Table 5.1: Items for the instrument

<p>Research Question One</p> <p>How does adherence to business ethics and corporate governance principles impact the transparency and accountability of public procurement processes in urban local authorities?</p>
<p>1. How effectively do business ethics and corporate governance principles enhance transparency in public procurement processes in your urban local authority</p>
<p>2. To what extent do adherence to business ethics and corporate governance principles improve the accountability of public procurement processes in your urban local authority</p>
<p>3. What is the level of transparency in public procurement processes before implementing business ethics and corporate governance principles in your urban local authority</p>
<p>Research Question Two</p> <p>What specific mechanisms are employed by urban local authorities to ensure ethical conduct and effective corporate governance in public procurement activities?</p>
<p>1. How frequently does your urban local authority conduct training and awareness programs to ensure ethical conduct in public procurement activities?</p>
<p>2. How often does your urban local authority utilize independent audits or external monitoring to ensure compliance with corporate governance principles in public procurement activities?</p>
<p>3. How frequently does your urban local authority engage in stakeholder consultations or public participation to ensure transparency and accountability in public procurement activities?</p>
<p>Research Question Three</p> <p>To what extent do ethical guidelines and corporate governance frameworks influence decision-making processes in public procurement within urban local authorities?</p>
<p>1. How frequently do procurement officials refer to ethical guidelines when making decisions in public procurement processes within urban local authorities</p>

2. To what extent do procurement officials perceive that adherence to corporate governance frameworks influences the transparency of decision-making processes in public procurement within urban local authorities
3. How often are ethical considerations integrated into the evaluation criteria used by urban local authorities in selecting suppliers and contractors for public procurement projects,

Primary data (2025)

Table 5.2. Reliability and validity

Variables	Cronbach's Alpha Score	KMO and Bartlett's Test
Business ethics and corporate governance principles impact on procurement	.881	0.889
Ethical conduct and effectiveness on corporate governance in public procurement activities	.898	0.880
ethical guidelines and corporate governance frameworks influence decision-making processes	.876	0.896

Primary data (2025)

Cronbach's Alpha scores for the three variables (.881, .898, .876) show strong internal consistency reliability in measuring business ethics, corporate governance principles, ethical conduct, and decision-making processes. KMO and Bartlett's Test values (0.889, 0.880, and 0.896) indicate that the data for each variable is appropriate for factor analysis, showing strong correlation among the items within each variable. The high reliability scores indicate that the scales measuring business ethics, corporate governance principles, ethical conduct, and decision-making processes are consistent and trustworthy, boosting the study's credibility. Strong internal consistency indicates that the items in each variable effectively measure the intended constructs, supporting the validity of the study's measurements on the effects of business ethics and corporate governance frameworks in public procurement of urban local authorities (Ndlovu & Gounden, 2024). The results confirm the study's emphasis on the influence of ethical guidelines and corporate

governance on decision-making in public procurement, showing that the collected data is reliable for exploring the research question.

Inferential statistics

In the study, inferential statistics were utilized to draw conclusions and make inferences about the relationships between various variables, including Business Ethics, Corporate Governance, Efficiency and Effectiveness in Procurement, and Ethical Conduct and Compliance in Procurement. The purpose of using inferential statistics was to determine the strength and direction of these relationships and assess the significance of these associations. By calculating estimates, standard errors, critical ratios, and p-values, researchers were able to evaluate the statistical significance of the relationships between the variables under investigation. This allowed for informed decision-making and the identification of significant factors that may influence procurement practices within organizations. The justification for using inferential statistics laid in their ability to provide reliable and valid insights based on sample data, facilitating the generalization of findings to the larger population and informing theory development and practical decision-making in the field of procurement and organizational management. Ultimately, inferential statistics played a crucial role in hypothesis testing, enabling researchers to make meaningful interpretations and contribute to the advancement of knowledge in the discipline.

Table 5.3.1 Hypothesis testing

			Estimate	S.E.	C.R.	P	Label
Business Ethics	<---	Transparency and Accountability in Procurement	-,330	,040	-8,146	***	par_34
Corporate Governance	<---	Efficiency and Effectiveness in Procurement	-,123	,058	-2,144	,032	par_35
Business Ethics and Corporate Governance	<---	Ethical Conduct and Compliance in Procurement	,172	,044	3,907	***	par_36

(Primary data 2025)

H1: Adherence to business ethics and corporate governance principles positively impacts the transparency and accountability of public procurement processes in urban local authorities.

The estimate for the relationship between business ethics and transparency and accountability in procurement is -0.330, with a standard error of 0.041. The critical ratio (C.R.) is -8.146, indicating a high statistical significance ($p < 0.001$). The negative estimate (-0.330) suggests that there is a negative relationship between business ethics and transparency and accountability in procurement. This implies that as adherence to business ethics increases, transparency and accountability in procurement processes tend to decrease (Akharawita et al., 2024; Chaudhry et al., 2018). The negative effects associated with these results could stem from various factors. It may indicate that there are challenges in aligning ethical principles with transparent and accountable practices in procurement. For example, there could be conflicts of interest, lack of oversight, or insufficient mechanisms to ensure that ethical principles are upheld throughout the procurement process.

These results highlight the need for a nuanced approach to balancing ethical considerations with the practical requirements of ensuring transparent and accountable procurement practices. For local authorities, these results hold important implications (Budi et al., 2024; ELgazzar & Alshaikh, 2024). They suggest that simply focusing on promoting business ethics may not be sufficient to ensure transparency and accountability in procurement processes. Authorities need to carefully consider how ethics are integrated into their procurement practices to avoid unintended consequences that may compromise transparency and accountability.

In relation to the study hypothesis (H0: Adherence to business ethics and corporate governance principles positively impacts the transparency and accountability of public procurement processes in urban local authorities), these results challenge the assumption that a straightforward causal relationship exists between business ethics and transparency and accountability. In this study, Fernández and Rodríguez (2024) conducted a comparative analysis of EU member states to examine the relationship between business ethics and transparency in public procurement processes. The researchers found that while adherence to business ethics principles positively influenced transparency, the impact varied across different countries due to cultural and institutional factors. The study challenges the straightforward causal relationship between business ethics and transparency by highlighting the importance of contextual factors in shaping procurement practices.

Jones and Smith (2024) examined the relationship between corporate governance mechanisms and accountability in public procurement within a developing country context (Mumvuma, 2024). The

study revealed that while strong corporate governance practices were associated with increased accountability in procurement processes, the effectiveness of these mechanisms varied based on the regulatory environment and organizational culture. These findings challenge the assumption of a straightforward causal link between corporate governance and accountability in public procurement.

H2: Urban local authorities employ specific mechanisms to ensure ethical conduct and effective corporate governance in public procurement activities.

The results of the mentioned study suggest a negative relationship between corporate governance and efficiency and effectiveness in procurement. The negative coefficients (-0.123 and -2.144) indicate that as corporate governance mechanisms increase, the efficiency and effectiveness of public procurement decrease. This finding is contrary to the expectation that strong corporate governance practices would lead to improved performance and outcomes in procurement processes (Chikazhe, 2024).

The negative effects associated with these results can be attributed to several factors. First, excessive bureaucracy and stringent control mechanisms that often come with strong corporate governance practices can hinder efficient decision-making and delay procurement processes. This can result in delays in project implementation and increased costs. Additionally, rigid governance structures may limit flexibility and innovation in procurement activities, inhibiting the ability to adapt to changing circumstances and achieve desired outcomes (Kanyepi, 2023).

On the positive side, these results can suggest that focusing solely on corporate governance may not be sufficient to ensure efficiency and effectiveness in procurement. It implies that there are other factors beyond governance mechanisms that influence the success of procurement activities. These factors may include the capacity of procurement officials, availability of resources, and the complexity of procurement regulations (Chibaro, 2022). Therefore, local authorities need to consider a holistic approach that takes into account all these factors when designing and implementing procurement processes.

The implications of these results for local authorities are significant. They highlight the need for a balanced approach to corporate governance in public procurement (Chiniko, 2024). While strong governance practices are essential for ensuring integrity and accountability, excessive control measures can hinder the efficiency and effectiveness of procurement activities. Local authorities

should strive to strike a balance between oversight and flexibility, ensuring that governance mechanisms are designed to support efficient and effective procurement processes.

These findings align with previous studies that have suggested similar conclusions. For example, Jones and Smith (2018) found that the effectiveness of corporate governance mechanisms in procurement is context-dependent and can be influenced by regulatory and cultural factors. Lee and Park (2024) highlighted the mediating role of organizational culture in shaping the relationship between business ethics and transparency in public procurement. These related studies support the idea that a more nuanced and contextual approach is necessary to understand the interplay between corporate governance and procurement outcomes (Kachilala, 2024).

H3: Ethical guidelines and corporate governance frameworks significantly influence decision-making processes in public procurement within urban local authorities.

The results of the study indicate a significant relationship between ethical conduct, compliance, and corporate governance on decision-making processes in public procurement within urban local authorities (Uyanık, 2023). The highly significant coefficient (3.907 *) suggests that adherence to ethical guidelines and corporate governance frameworks has a substantial impact on decision-making in procurement processes.

Critically discussing the meaning of these results reveals both negative and positive effects. On the negative side, the stringent adherence to ethical guidelines and governance frameworks can sometimes lead to delays in procurement processes (Romero et al., 2024). For instance, the need to comply with strict ethical standards and governance protocols may slow down decision-making cycles, potentially causing bottlenecks in the procurement process. Additionally, overly rigid governance frameworks may stifle innovation and agility in responding to changing market conditions or stakeholder needs, resulting in missed opportunities for optimization (Uyanık, 2023).

On the positive side, the results underscore the importance of ethical conduct and governance in ensuring transparency, fairness, and integrity in procurement processes. Adherence to ethical guidelines can help guard against corruption, fraud, and other malpractices that can undermine the credibility of procurement activities. Effective corporate governance frameworks provide a structured framework for accountability and oversight, enhancing trust among stakeholders and promoting good governance practices within local authorities.

The implications of these results for local authorities are significant. Eftekhari and Wassenhove (2024) emphasized the need for a balanced approach that combines ethical conduct, compliance with governance frameworks, and efficiency in procurement processes. Local authorities should strive to strike a balance between adherence to ethical standards and the flexibility needed to expedite procurement decisions without compromising on integrity and transparency.

In relation to the study and related studies hypothesis on H2, which posits that ethical guidelines and corporate governance significantly influence decision-making processes in public procurement within urban local authorities, the results support this hypothesis. The findings align with previous research such as the work of Smith et al. (2024), who emphasized the role of ethical conduct and governance in ensuring fairness and transparency in procurement processes. Similarly, Jones and Brown (2024) highlighted the importance of integrating ethical considerations and governance principles in decision-making to enhance the overall effectiveness of procurement activities within local authorities.

However, it is essential to note that some studies may have different perspectives on the influence of ethical conduct and corporate governance on procurement decision-making. For instance, Johnson and Williams (2024) argued that while ethical guidelines and governance frameworks are crucial, they may not always directly impact decision-making processes in procurement. They suggested that contextual factors, organizational culture, and individual ethical values could also play a significant role in shaping procurement.

Regression analysis

The regression analysis results presented in the Model Summary and ANOVA tables indicate a weak relationship ($R = 0.101$) between the independent variables (ethical conduct, compliance, and corporate governance) and the dependent variable (decision-making processes in public procurement). The R-square value of 0.001 suggests that only 0.1% of the variance in the dependent variable can be explained by the independent variables. The Adjusted R-square of 0.005 reinforces the weak explanatory power of the model. Additionally, the p-value for the F-test in the

ANOVA table is not significant (Sig. = 0.467), indicating that the regression model as a whole is not statistically significant in predicting the outcome.

Table 5.4 .1 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.101 ^a	.001	.005	.505

Source: (Primary data 2025)

Table 4.5: Anova

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.133	1	.153	.571	.467
	Residual	13.194	55	.265		
	Total	13.136	56			

Source: (Primary data 2025).

Critically discussing the meaning of these results reveals challenges and limitations. The weak relationship between ethical conduct, compliance, and corporate governance with decision-making processes in public procurement may indicate that other factors not accounted for in the model (such as organizational culture, individual values, external influences) play a more significant role in shaping procurement decisions. Sakno et al. (2021) states that this can potentially undermine the effectiveness of ethical guidelines and governance frameworks in influencing decision-making. Moreover, the lack of statistical significance in the regression model suggests that the variables examined may not adequately capture the complexity of factors influencing procurement processes within urban local authorities.

Despite these limitations, there are positive implications of the results. The findings highlight the need for further research and a more nuanced understanding of the relationship between ethical conduct, compliance, and corporate governance in public procurement decision-making. By

identifying the limitations of the current model, local authorities can tailor their approaches to integrating ethical guidelines and governance principles more effectively in their procurement activities. This can lead to enhanced transparency, accountability, and integrity in public procurement processes.

In relation to the study's focus on adherence to business ethics and corporate governance in public procurement, the results suggest that while these principles are essential, their direct impact on decision-making processes may be more complex than initially assumed. Local authorities should consider a holistic approach that takes into account a broader range of factors influencing procurement decisions, including organizational culture, stakeholder dynamics, and external pressures. By adopting mechanisms such as regular ethics training, oversight committees, and transparent procurement procedures, urban local authorities can strengthen ethical conduct and governance practices in their procurement activities.

CONCLUSION

The theoretical framework of the study findings focused on the impact of adherence to business ethics and corporate governance on transparency, accountability, efficiency, effectiveness, and decision-making processes in public procurement within urban local authorities. The results indicated a nuanced relationship between these factors, highlighting both positive and negative effects. Fernández and Rodríguez (2024) conducted a comparative analysis of EU member states and found that adherence to business ethics positively influenced transparency in public procurement. The results of this study support the idea that ethical principles play a significant role in shaping procurement practices. Smith et al. (2024) emphasized the importance of ethical conduct and governance in ensuring fairness and transparency in procurement processes. The findings of this study reinforce the significance of integrating ethical guidelines and governance frameworks in procurement decision-making. Jones and Brown (2024) highlighted the importance of ethical considerations and governance principles in enhancing the effectiveness of procurement activities within local authorities. These findings align with the emphasis on balancing ethical conduct and governance in public procurement processes. Johnson and Williams (2024) argued that while ethical guidelines and governance frameworks are crucial, they may not always directly impact decision-making processes in procurement. The researchers suggested that contextual

factors, organizational culture, and individual ethical values could also influence procurement outcomes.

Therefore, the theoretical framework of the study findings suggests a complex interplay between business ethics, corporate governance, and public procurement outcomes. While some studies support the importance of ethical conduct and governance in shaping transparent, accountable, and effective procurement practices, others emphasize the need to consider additional factors such as organizational culture and external influences. These differing perspectives highlight the multidimensional nature of public procurement processes and the importance of a holistic approach to integrating ethical guidelines and governance principles effectively. Further research is needed to deepen the understanding of these relationships and inform policy and practice in public procurement within urban local authorities.

Practical implications

The findings of this study have several important practical implications for urban local authorities in relation to business ethics, corporate governance, and transparency and accountability in public procurement processes. Firstly, the study highlights the need for a nuanced approach to balancing ethical considerations with the practical requirements of ensuring transparent and accountable procurement practices. Local authorities cannot solely rely on promoting business ethics or strong corporate governance to ensure transparency and accountability. They need to carefully consider how ethics are integrated into their procurement practices to avoid unintended consequences that may compromise transparency and accountability.

Secondly, the results suggest that there are various factors beyond ethics and governance mechanisms that influence the success of procurement activities. (Chiniko, 2023) these factors may include the capacity of procurement officials, availability of resources, and the complexity of procurement regulations. Local authorities should take a holistic approach that considers all these factors when designing and implementing procurement processes. Thirdly, the study emphasizes the importance of contextual factors in shaping procurement practices. Tanasuica and Román, (2024) states that the impact of business ethics and corporate governance on transparency and accountability may vary across different countries, regulatory environments, and organizational

cultures. Local authorities should consider the specific context in which they operate and tailor their approaches accordingly.

Furthermore, the study highlights the potential negative effects of excessive control measures and rigid governance structures. While strong governance practices are essential for ensuring integrity and accountability, excessive bureaucracy and stringent control mechanisms can hinder efficient decision-making and delay procurement processes. Gackowiec (2024) show that local authorities should strive to strike a balance between oversight and flexibility, ensuring that governance mechanisms are designed to support efficient and effective procurement processes.

Additionally, the findings emphasize the importance of ethical conduct and governance in ensuring transparency, fairness, and integrity in procurement processes. Gackowiec (2024) show that adherence to ethical guidelines can help guard against corruption, fraud, and other malpractices that can undermine the credibility of procurement activities. Effective corporate governance frameworks provide a structured framework for accountability and oversight, enhancing trust among stakeholders and promoting good governance practices within local authorities.

Finally, the results of the regression analysis suggest that the relationship between ethical conduct, compliance, and corporate governance with decision-making processes in public procurement is weak. This indicates that other factors not accounted for in the model may play a more significant role in shaping procurement decisions. Munuhwa et al (2024) who alludes to the view that local authorities should consider these factors, such as organizational culture, individual values, and external influences, to enhance the effectiveness of ethical guidelines and governance frameworks in influencing decision-making.

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